



THE CITY OF SAN DIEGO

REQUIREMENTS FOR

Development Fee Deferrals

CITY OF SAN DIEGO DEVELOPMENT SERVICES
1222 FIRST AVENUE, MS 301, SAN DIEGO, CA 92101
CALL (619) 446-5300 FOR APPOINTMENTS AND (619) 446-5000 FOR INFORMATION.

INFORMATION
BULLETIN

108

July 2006

Payment of Water and Sewer Capacity Charges can be deferred for 12 months or until project completion, while new affordable housing projects city-wide and all developments in urbanized areas and selected planned urbanized areas can have some development impact fees or facilities benefits assessments deferred until the project is completed.

I. DEVELOPMENT IMPACT FEES AND FACILITIES BENEFITS ASSESSMENTS

a. Affordable Housing Projects

Affordable Housing projects in any neighborhood of the City can have some development impact fees for facilities benefits assessments deferred. Eligible affordable housing projects are those that provide dwelling units affordable to households with an income at or below 65 percent area median income (AMI) for rental units, or at or below 100 percent AMI for for-sale units.

b. Deferral for Other Projects

Other projects can have some development impact fees or facilities benefits assessments deferred if they are being built in an urbanized area where development impact fees are assessed, and in planned urbanizing areas where the funding is adequate for the pace of public improvement construction. Call (619) 533-3670 to find out which areas are eligible.

c. Scope

Developers of eligible projects must sign an agreement with the City to pay the fees prior to final inspection. An administrative fee of \$300, to cover the costs of processing and recording the agreement with the County Recorder, will be charged. Any deferred fees must be paid before a final construction inspection can be scheduled by Development Services. The property cannot be occupied until it receives an approved final inspection and a Certificate of Occupancy.

Projects funded by these fees include new roads and other transportation improvements, fire stations, libraries and parks.

d. How to Apply For Deferrals of Some Development

Impact Fees and Facilities Benefits Assessments
To apply for deferral of some development impact fees and facilities benefits assessments, contact Facilities Financing Program at (619) 533-3670 to determine eligibility.

Documents referenced in this Information Bulletin

- [Fee Deferral Agreement](#)
- [San Diego Water And/Or Sewer Capacity Fee Agreement](#)

You will also need to complete the forms on pages 3-7 of this Information Bulletin.

e. Paying the Deferred Development Impact Fees and Facilities Benefits Assessments

Before the project can receive a final construction inspection and Certificate of Occupancy, the fees must be paid with a cashiers check. They can be paid by mail, or at the City of San Diego Development Services Department, 1222 First Avenue. A final inspection can be scheduled at the time fees are paid.

For more information on the fee deferral, contact Facilities Financing Program at (619) 533-3670.

II. WATER AND SEWER CAPACITY CHARGES

a. Scope

All projects are eligible for deferral of water and sewer capacity fees.

These fees can be deferred from the building permit issuance date to the date requesting final inspection, or 12 months from date of permit issuance, whichever is first. The applicant, however, will pay an additional 6 percent interest on the water and sewer capacity charges.

For fee deferral, the applicant completes an agreement with the City and posts a security bond or letter of credit to guarantee the payment of the fees.

Once the project is complete, or the 12 month period has passed, the deferred fees, plus the six percent interest, will be due. If fees have changed since the original agreement was signed, the higher of the two amounts will be due.

The fees must be paid before a final inspection can be made and a Certificate of Occupancy issued.

Applicants must be clearly made aware that a deferral of the payment of the fees will result in payment of higher fees (either the original fee plus interest, or the fee in effect on the date of payment, whichever is higher).

b. How to Defer Water and Sewer Capacity Charges

To defer Water and Sewer Capacity Charges take the following steps:

1. Complete the agreement forms (Page 11-16 of this Information Bulletin).
2. Have signature on agreement notarized.
3. Obtain a surety bond from an "A" rated Surety, licensed in California in an amount equal to the deferred fees plus 6 percent interest for 12 months, or an irrevocable letter of credit drawn on a San Diego bank in an amount equal to the deferred fees plus 6 percent interest for 12 months.
4. The agreement and bond or letter of credit must be presented to the Water Department for signature by the Director. Please allow 10 working days to process the request for deferral. Call (619) 533-5315 to arrange for an appointment to submit the agreement and surety or letter of credit.
5. Upon approval by the Water Department Director, a letter will be issued to the applicant confirming their ability to defer the fees. This letter should be presented to the [Development Services Department](#) at the time the building permit fees are paid and the permit issued.

For more information on the fee deferral, contact the [Water Department](#) at (619) 533-5315.

RECORDING REQUESTED BY, AND WHEN
RECORDED MAIL TO:

CITY OF SAN DIEGO

Attn.: Facilities Financing Manager
1010 Second Avenue MS 606F
San Diego, California 92101

No transfer tax is due as this is a conveyance to a
public agency of less than a fee interest for which
no cash consideration has been paid or received

For Recorder's Use Only

Fee Deferral Agreement

THIS FEE DEFERRAL AGREEMENT ("Agreement") is made and entered into as of _____, 20____, by and between, _____ ("Owner"), and the
CITY OF SAN DIEGO, a California municipal corporation and charter city ("City") With reference to the following facts:

- A. Owner is the owner of that certain real property in the City of San Diego, County of San Diego, State of _____ California, more particularly described on Exhibit "A" attached.
- B. On _____, 20____, the _____ of the City approved _____, a proposed _____ known as _____ (the "Project").
- C. Owner has applied for a building permit on Project No. _____ for [e.g., that portion of the Project described as] _____ (the "Project").
- D. Upon the issuance of the Building Permits, certain City Development Impact Fees, Facilities Benefit Assessments, and other fees and charges (collectively, the "Fees") are due and payable pursuant to City's Municipal Code Sections 61.2200, et. seq. The Fees applicable to the Building Permits are more particularly described on Exhibit "B" attached.
- E. The City has found that: the Fees are not immediately needed for public improvements required to serve the Project; deferral of collection of fees encourages economic development vital to the City; payment of the Fees is adequately secured through this Agreement and the City's right to withhold final inspection until the Fees are paid; and deferral of the Fees for the Project would not jeopardize the public health, safety and welfare.
- F. City has the authority to defer the payment of fees, charges and assessments.
- G. The law and the City's Charter allow the City when issuing a building permit to require the property owner to execute a contract to pay fees or charges if such fee or charge is not fully paid prior to the issuance of building permits.
- H. City and Owner desire to enter into an agreement deferring payment of the Fees until request for final inspection, on all of the terms and conditions of this Agreement.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. City agrees to defer collection of the Fees until the call for final inspection or water meter release for the Project.
2. Owner agrees to pay a non-refundable fee totaling \$300.00 to process the fee deferral agreement and fee deferral release.
3. Owner, on behalf of itself and its successors and assigns, agrees to pay the Fees with a certified check concurrent with the call for final inspection or water meter release for the Project (or the applicable proportional amount of the Fees upon requesting an appointment for final inspection or requesting water meter release for a portion of the Project).
4. All other rights of the parties shall remain unchanged, as if the Fees were paid at the time of issuance of the building permit. Without limiting the generality of the foregoing: the amount of the Fees payable shall be those in effect at the time final inspection is called for or when water meter release is requested as set forth on Exhibit "B".
5. This Agreement shall be recorded in the Official Records of the County of San Diego and shall constitute a lien for the payment of the Fees Binding upon, and running with, the Property. If Owner sells all or any portion of the Property, property shall not be released of any obligations under this Agreement relating to the Property or the portion of the Property which is being acquired.

Use for Development Impact Fees and Facilities Benefits Assessments

6. The burden of this Agreement shall be released from title to the Property (or an individual lots parcel or unit with the Property) upon the payment of the Fees (or the proportionate amount of the Fees applicable to any such portion of the Property). Within a reasonable time following payment of the Fees (or the applicable proportional amount of the Fees), the City shall execute a lien release (Exhibit C) which shall be in standard form releasing the burden of this Agreement from the title to the Property (or to such portion of the Property).

IN WITNESS WHEREOF, this Agreement is executed by THE CITY OF SAN DIEGO" acting by and through its Mayor pursuant to Resolution No. R 285795 authorizing such execution, and by Owner/Applicant.

"Owner/Applicant"

By _____

Its _____

The CITY OF SAN DIEGO,
a California municipal corporation

By _____

Facilities Financing Manager

Approved as to form and legality this

_____ day of _____ 20____.

Michael Aguirre, City Attorney

By: _____

Deputy City Attorney

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN DIEGO)

On _____, before me, _____
(name, title of officer, eg. Jane Doe, Notary Public)

personally appeared _____

- ☐ personally known to me -or-
☐ proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity/ies, and that by his/her/their signature(s) on the instrument, the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

(Signature of Notary)

Capacity claimed by signer:

(This section is OPTIONAL)

- ☐ Individual
☐ Corporate Officer(s):
☐ Partner(s): ☐ General ☐ Limited
☐ Subscribing Witness
☐ Attorney-in-fact
☐ Trustee(s)
☐ Guardian/Conservator
☐ Other: _____

Signer is representing: _____
(name of person(s) or entity(ies))

Attention Notary: Although the information requested below is OPTIONAL, it could prevent fraudulent attachment of this certificate to an unauthorized document:

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED AT RIGHT:
Title or Type of Document _____
Number of Pages _____ Date of Document _____
Signer(s) Other than Named Above _____

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Exhibit "A"
Property Description (Legal Description)

Exhibit "B"
List of Fees, Charges and Assessments

**PROJECT
NUMBER**

**FBA/DIF
PAYMENT DUE***

Use for Development Impact Fees and Facilities Benefits Assessments

*This amount may increase if paid after June 30 of any given year according to the community fee schedule in effect at the time.

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Exhibit "C"

Recorded at the request of:

When recorded, mail to:

TERMINATION OF FEE DEFERRAL AGREEMENT

NOTICE IS HEREBY GIVEN that the Development Impact Fees due under Condition _____ of the Agreement between _____ and the City of San Diego, Document/Resolution No. _____, for the payment of Development Impact Fees as recorded in the Office of the County Recorder of San Diego County on _____, Document No. _____, have been fully satisfied as pertaining to:

COUNTY ASSESSOR'S PARCEL NO. _____ OR MAP _____,

UNIT(s) _____ LOT(s) _____

Dated _____

City of San Diego

By _____

State of California)

County of San Diego)

On _____, before me, _____ personally appeared _____, personally known to me, (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) acted, executed the instrument.

WITNESS my hand and official seal

(Seal)

Notary Public in and for said County and State

Use for Development Impact Fees and Facilities Benefits Assessments

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RECORDING REQUESTED BY, AND WHEN RECORDED
MAIL TO:

CITY OF SAN DIEGO

Attn.: _____

202 "C" Street

San Diego, California 92101

No transfer tax is due as this is a conveyance to a public
agency of less than a fee interest for which no cash consid-
eration has been paid or received

For Recorder's Use Only

Secured Agreement For The Payment of City of San Diego Water And/Or Sewer Capacity Fees Between

Your name or company name here

THIS AGREEMENT is entered into on _____, 20__, by and between THE CITY OF SAN DIEGO, a municipal corporation ("City"), and
a _____ ("Applicant"), to secure the payment of City water and/or sewer capacity
fees ("Fees").

Recitals

- A. _____ ("Applicant"), a _____ is the owner of the parcel of land located at _____
_____, Assessor's Parcel No. _____, in the City, more particularly described in EXHIBIT "A" and "B" attached
hereto ("Property").
- B. In an effort to make the economics of the construction project defined on Project No. _____ ("Project") feasible, Applicant
has requested a deferral of the payment of the Fees, and has agreed to guarantee payment of the Fees.
- C. City has agreed to a deferral of the payment of the Fees for the Project upon Applicant complying with the terms and conditions of this
Agreement.

NOW, THEREFORE, the parties hereto agree to as follows:

1. **Issuance of Building Permit.** City will issue the Project permit without requiring Applicant to pay the Project Fees prior to the issuance
of the permit.
2. **Submittal of Security.** Applicant will deposit with City prior to the issuance of the Permit, a bond or irrevocable letter of credit, in a form
acceptable to the City's Water Department Director, in the amount of \$ _____ (an amount equal to the requested Fee
deferral plus one year's interest at 6%), to secure the payment of the Project Fees.
3. **Payment of Fees.** Applicant shall pay the Fees pursuant to Paragraph 4 herein, before the issuance by City of a Certificate of Occupancy
or twelve (12) months from issuance of the Permit, whichever shall first occur.
4. **Amount of Fees.** The amount of the Fees paid shall be the amount of Fees in effect as of the effective date of this Agreement, plus
interest at the rate of six percent (6%) per annum, or the amount of Fees in effect at the time the Fees are actually paid by applicant,
whichever is the greater amount.
5. **Release of Security.** City shall release the bond held by it pursuant to Paragraph 2, and this Agreement shall terminate, upon the
payment of the Fees by Applicant.
6. **General Provisions.**

- 6.1 **Notices.** All notices to the parties shall be in writing and delivered in person or sent by certified mail, postage prepaid, return receipt
requested, to the principal offices of City and applicant. Notice shall be effective on the date delivered in person or the date when the
postal authorities indicate the mailing was delivered to the address of the receiving party indicated below:

To Applicant: Name _____
 Address _____
 City _____

To City: Water Department Director
 The City of San Diego
 c/o Services Division – Deputy Director
 600 B Street #1300, MS 913
 San Diego, CA 92101

Use for Water and Sewer Capacity Fees

- 6.2 **California Law.** This Agreement shall be governed by, and interpreted in accordance with, the laws of the State of California.
- 6.3 **Severability.** If any one or more of the provisions of this Agreement is held by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected or be impaired in any way.
- 6.4 **Attorneys' Fees.** If any party files an action or brings any proceeding against the other party arising out of this Agreement or for the declaration or any rights under this Agreement, the prevailing party shall be entitled to recover from the other parties all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party as determined by the court.
- 6.5 **Mollification.** This Agreement cannot be modified in any respect except by a writing signed and entered into by Applicant and Water Department Director, The City Of San Diego.
- 6.6 **Captions.** The captions of the paragraphs of this Agreement are inserted for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement.

IN WITNESS WHEREOF, this Agreement is executed by THE CITY OF SAN DIEGO, acting by and through its Water Department Director authorizing such execution, and by Applicant.

THE CITY OF SAN DIEGO, a municipal corporation

By: _____

Jim Barrett
Water Department Director

Approved as to form and legality this

_____ day
of _____, 20____.

Michael Aguirre, City Attorney

By: _____

Title: _____

APPLICANT

By: _____

Title: _____

STATE OF CALIFORNIA)
)
COUNTY OF SAN DIEGO)

On _____, 20__, before me _____, Notary Public in and for said State, personally appeared _____

_____,

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument, the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Signature _____

(Seal)

STATE OF CALIFORNIA)
)
COUNTY OF SAN DIEGO)

On _____, 20__, before me _____, Notary Public in and for said State, personally appeared _____

_____,

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument, the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

(Seal)

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Exhibit "A"

Property Description

Use for Water and Sewer Capacity Fees

Exhibit "B" Site Plan